

The background of the slide is a photograph of the Milpitas City Council building at night. The building is a modern structure with a curved facade and large glass windows. In the foreground, there is a fountain with several water jets illuminated by lights. The overall scene is dimly lit, with the building's interior lights and the fountain lights providing the main illumination.

# Milpitas City Council

## Proposed FY2019-2024 Capital Improvement Program City Council Study Session

March 12, 2019

### **City of Milpitas**

*455 E. Calaveras Blvd., Milpitas, CA 95035*  
*[www.ci.milpitas.ca.gov](http://www.ci.milpitas.ca.gov) • (408)-586-3000*

# Agenda

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- ❖ **Timeline for Proposed 5-Year CIP**
- ❖ **What is a Capital Improvement Program (CIP)?**
- ❖ **How to read the CIP Document**
- ❖ **New budget Priorities**
- ❖ **Proposed 2019-2024 CIP – Summary Tables**
- ❖ **Proposed 2019-2024 CIP – New Projects**
- ❖ **Proposed 2019-2024 CIP – Unidentified Funding**
- ❖ **Fire Station No. 2 Replacement – Proposed Bond Financing**
- ❖ **Staff Recommendation**

# Timeline for Proposed 5 –Year CIP

Date	Action
March 12	First Council Study Session
April 2	Proposed draft 5 Year CIP release
April 24	Planning Commission review (for General Plan Conformance)
May 6	Parks, Recreation and Cultural Resources Commission review
May 14	Second Council Study Session – Operating Budget
June 4	Council consideration and adoption of Proposed 5 Year CIP



# What is a CIP?

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The Capital Improvement Program (CIP) is a 5-year infrastructure planning and budget document also referred to as the Capital Budget

## **Capital Improvement Project:**

Improvement and construction of capital assets

## **Rolling 5-year plan**

CIP forecasts and outlines budgets and schedules of capital projects over 5-years. Plan is updated annually with the operating budget for approval by the City Council.

## **Project Funding**

Only the 1<sup>st</sup> year of the CIP is funded. Years 2 through 5 are as planned.



# How Does the Community Benefit?

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## Capital Improvement Project and Program:

- Ensures upgrades, repairs, and replacement of aging infrastructure
- Enables City to deliver needed services in accordance with Council priorities by planning, managing, and appropriating necessary funds and resources for public projects
- Ensure City implements and prioritizes projects in a timely manner for a safe and livable City

# CIP Challenges

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- ❖ **Aging City Infrastructure:** Ongoing program of repair/replacement.
- ❖ **Changes in Code/Law & Unfunded Mandates:** Requires ongoing improvement or replacement of infrastructure.
- ❖ **Escalating Construction Costs:** Reduces the number of projects that the City can afford or the types of amenities installed.
- ❖ **New State & Federal Regulations:** Increases cost to project design and construction.
- ❖ **Limited Resources and Funding:** Reduces the number of projects staff can manage and that the City can afford.



# How to read the CIP Document

CIP Document:

- ❖ Six project categories
- ❖ Previously funded section (projects funded in prior years)





# How to read the CIP Document

## Grand Summary (Summary page 1)

- Project Expenses
- Funding Sources
- External Financing
- Unidentified Funding

### City of Milpitas 2019-24 CAPITAL IMPROVEMENT PROGRAM

#### GRAND SUMMARY

Project Expenses	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Community Improvement	9,905,000	17,900,000	4,945,000	8,480,000	32,885,000	74,115,000
Park Improvement	12,645,000	7,675,000	7,745,000	22,750,000	21,275,000	72,090,000
Street Improvement	12,082,415	20,283,000	6,158,000	5,873,000	25,368,000	69,764,415
Water Improvement	11,494,260	17,004,693	27,650,800	22,190,850	32,010,000	110,350,603
Sewer Improvement	27,765,627	21,769,870	6,385,104	9,159,263	5,747,885	70,827,749
Storm Drain Improvement	505,000	6,170,000	13,295,000	6,020,000	0	25,990,000
<b>Total</b>	<b>74,397,302</b>	<b>90,802,563</b>	<b>66,178,904</b>	<b>74,473,113</b>	<b>117,285,885</b>	<b>423,137,767</b>
Funding Sources	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Gas Tax Fund	4,395,000	4,860,090	3,314,515	3,020,000	3,020,000	18,609,605
General Government CIP Fund	4,755,000	715,000	0	0	0	5,470,000
Midtown Park Fund	1,475,000	525,000	225,000	225,000	225,000	2,675,000
Park Fund	(1,100,000)	0	0	0	0	(1,100,000)
Sewer Fund	2,865,627	6,129,780	5,665,589	9,059,263	4,547,885	28,268,144
Sewer Infrastructure Fund	850,000	100,000	100,000	100,000	0	1,150,000
Sewer Treatment Fund	3,950,000	750,000	750,000	0	0	5,450,000
Water Line Extension Fund	270,000	0	0	0	1,040,000	1,310,000
Storm Drain Fund	1,505,000	1,170,000	895,000	0	0	3,570,000
TASP Impact Fees	21,360,000	10,085,000	320,000	6,835,000	64,155,000	102,755,000
LLMD	108,000	108,000	108,000	108,000	108,000	540,000
Vehicle Registration Fee	500,000	500,000	500,000	500,000	500,000	2,500,000
Community Planning Fees	500,000	0	0	0	0	500,000
Water Capital Surcharge	424,260	326,500	4,688,800	8,685,850	4,670,000	18,795,410
Permit Automation Fund	1,550,000	250,000	150,000	0	0	1,950,000
Community Benefit Fund	0	250,000	0	0	0	250,000
Measure B	1,489,415	1,380,000	1,380,000	1,380,000	1,380,000	7,009,415
<b>Sub Total</b>	<b>44,897,302</b>	<b>27,149,370</b>	<b>18,096,904</b>	<b>29,913,113</b>	<b>78,645,885</b>	<b>199,702,574</b>
External Financing	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Grants/Reimburse/Developer Fees	(500,000)	0	0	0	0	(500,000)
Sanitary Sewer Bonds	20,000,000	15,000,000	0	0	0	35,000,000
Water Bonds	10,000,000	10,000,000	0	0	0	20,000,000
<b>Sub Total</b>	<b>29,500,000</b>	<b>25,000,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,500,000</b>
Unidentified	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Unidentified Funding	0	38,653,193	48,082,000	44,560,000	37,640,000	168,935,193
<b>Total</b>	<b>74,397,302</b>	<b>90,802,563</b>	<b>66,178,904</b>	<b>74,473,113</b>	<b>117,285,885</b>	<b>423,137,767</b>

#### NOTES

- (1) FY2019-20 includes \$24,415,627 payment to SJ/SC for portion of improvements to wastewater treatment plant.
- (2) FY2019-20 includes \$9,020,000 in TASP Impact Fee reimbursements to Developers for infrastructure improvements.
- (3) FY2019-20 includes \$200,000 in Gas Tax payment to VTA for City share of SR237 HOV Improvements.
- (4) Total value of projects to be delivered in FY2019-20 is \$40,811,675.

# How to read the CIP Document

## Category Summary (1st page of each project category section)

- Projects funded for Current Year (FY19-20) only
- New projects in CIP Document shown as “New” or with project number/name in *Bold Italic*
- Projects shown as “Plan” are out-year projects not yet funded

City of Milpitas  
2019-24 CAPITAL IMPROVEMENT PROGRAM  
PARK IMPROVEMENT PROJECTS SUMMARY

SUMMARY OF COSTS		TOTAL COST	PRIOR YEARS	Current Year				
PG. NO.	PROJECT			2019-20	2020-21	2021-22	2022-23	2023-24
43	2005 Lower Penitencia Creek Pedestrian Bridge	1,765,000	1,665,000	100,000	0	0	0	0
44	3424 Citywide Park Rehabilitation	1,700,000	775,000	75,000	600,000	150,000	50,000	50,000
45	5108 Sports Fields Turf Rehabilitation Prog.	1,125,000	450,000	0	0	225,000	225,000	225,000
46	5110 Sandalwood Park Renovation	2,325,000	2,175,000	(1,100,000)	250,000	0	0	0
47	5112 Carlo Park	1,100,000	225,000	875,000	0	0	0	0
48	5113 Minor Sports Courts Rehabilitation	1,375,000	225,000	225,000	225,000	225,000	250,000	250,000
49	<b><i>New (Rmb) TASP Linear Trails</i></b>	<b><i>3,270,000</i></b>	<b><i>0</i></b>	<b><i>3,270,000</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
50	<b><i>New (Rmb) Trade Zone/Montague Park - North</i></b>	<b><i>3,100,000</i></b>	<b><i>0</i></b>	<b><i>3,100,000</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
51	<b><i>New Park Master Plan Update</i></b>	<b><i>600,000</i></b>	<b><i>0</i></b>	<b><i>600,000</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
52	<b><i>New TASP Subdistrict Park</i></b>	<b><i>7,375,000</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>5,325,000</i></b>	<b><i>2,050,000</i></b>
53	<b><i>New Trade Zone/Montague Park - Central</i></b>	<b><i>9,650,000</i></b>	<b><i>0</i></b>	<b><i>5,500,000</i></b>	<b><i>4,150,000</i></b>	<b><i>0</i></b>	<b><i>0</i></b>	<b><i>0</i></b>
54	Plan: Ben Rogers Park Renovation	4,400,000	0	0	0	350,000	4,050,000	0
55	Plan: Calaveras Ridge Park	2,625,000	0	0	300,000	2,325,000	0	0
56	Plan: Dixon Landing Park Renovation	4,550,000	0	0	0	0	450,000	4,100,000
57	Plan: Foothill Park Renovation	3,450,000	0	0	0	400,000	3,050,000	0
58	Plan: Hidden Lake Park Renovation	2,975,000	0	0	0	0	400,000	2,575,000
59	Plan: Higuera Adobe Caretaker Cottage Renovation	170,000	0	0	0	170,000	0	0
60	Plan: Midtown Area Parks	800,000	0	0	800,000	0	0	0
61	Plan: Murphy Park Renovation	4,500,000	0	0	0	400,000	4,100,000	0
62	Plan: Peter D. Gill Park Renovation	4,550,000	0	0	0	0	475,000	4,075,000
63	Plan: Robert E. Browne Park Renovation	4,600,000	0	0	0	0	500,000	4,100,000
64	Plan: Sivovitt Park Renovation	3,500,000	0	0	350,000	3,150,000	0	0
65	Plan: Statite Park Renovation	3,900,000	0	0	0	350,000	3,550,000	0
66	Plan: Slacksouth Park Renovation	4,200,000	0	0	0	0	350,000	3,850,000
Defunding Subtotal				(1,100,000)				
Funding Subtotal				13,745,000				
TOTAL COST		\$77,805,000	\$5,515,000	\$12,845,000	\$7,675,000	\$7,745,000	\$22,750,000	\$21,275,000
SUMMARY OF AVAILABLE FINANCING								
Park Fund				(1,100,000)	0	0	0	0
Midtown Park Fund				1,475,000	525,000	225,000	225,000	225,000
General Government CIP Fund				0	300,000	0	0	0
Other				12,270,000	4,150,000	0	5,325,000	2,050,000
Unidentified Funding				0	2,700,000	7,520,000	17,200,000	19,000,000
TOTAL AVAILABLE				\$12,645,000	\$7,675,000	\$7,745,000	\$22,750,000	\$21,275,000

### NOTES

- (1) "New" projects listed are new to CIP
- (2) "Plan" are projects approved in prior CIP years
- (3) "(Rmb)" - Reimbursements to developers for Transit Area Specific Plan (TASP) public infrastructure improvements.
- (4) "Other" are identified on detailed project sheets.



# Budget Priorities

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## New City Council Budget Priorities 2019:

1. **Public Safety**
2. **Transportation & Transit**
3. **Economic Development & Job Growth**
4. **Neighborhoods & Housing**
5. **Governance & Administration**
6. **Environment**
7. **Community Wellness and Open Space**





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# **Proposed FY 2019-24 Capital Improvement Program**

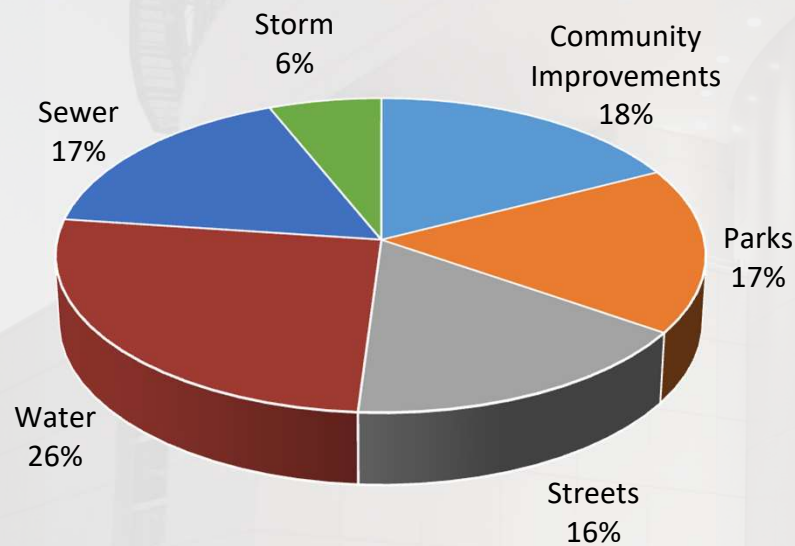
## **Summary Tables**

### **Summary 1 through 15**

- **Project Expenses**
- **Funding Sources**

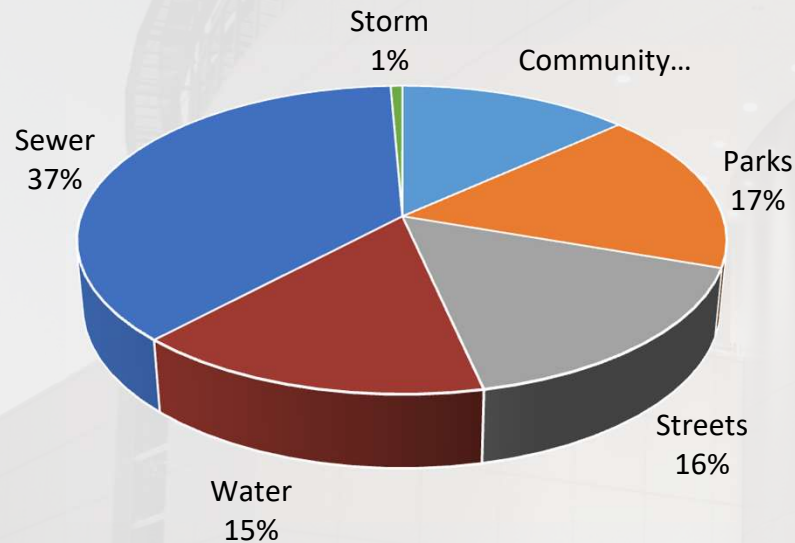
# 5 – Year CIP Cost Summary

## Projected 5-year Costs Estimates



Project Category	No. of Projects	Project Cost Estimates
Community Improvements	26	\$74,115,000
Parks	24	\$72,090,000
Streets	32	\$69,764,415
Water	23	\$110,350,603
Sewer	10	\$70,827,749
Storm	10	\$25,990,000
<b>Total</b>	<b>125</b>	<b>\$423,137,767</b>

# Proposed FY 19-20 Funding



- Est. \$10M in funded projects to be delivered in FY 18/19
- Est. \$30M in funded projects to be delivered in FY 19/20

Project Category	No. of Projects	Cost Estimates
Community Improvements	16	\$ 9,905,000
Parks	8	\$12,645,000
Streets	17	\$12,082,415
Water	11	\$11,494,260
Sewer	7	\$27,765,627
Storm	3	\$ 505,000
<b>Total</b>	<b>62</b>	<b>\$74,397,302</b>

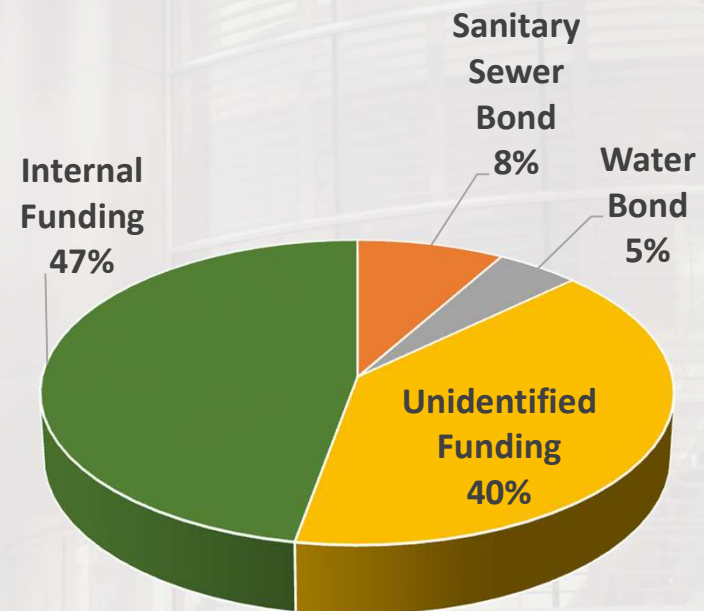
FY 19/20 \$74,397,307 total includes \$33,635,627 in project related reimbursements to Developers and Agencies.



# CIP Funding Sources

Internal Funding Source	Total (47%)
Gas Tax Fund	\$18,609,605
General Government CIP Fund	\$5,470,000
Midtown Park Fund	\$2,675,000
Sewer Fund	\$28,268,144
Sewer Infrastructure Fund	\$1,150,000
Sewer Treatment Fund	\$5,450,000
Water Line Extension Fund	\$1,310,000
Storm Drain Fund	\$3,570,000
TASP Impact Fees	\$102,755,000
LLMD	\$540,000
Vehicle Registration Fees	\$2,500,000
Community Planning Fee	\$500,000
Water Capital Surcharge	\$18,795,410
Permit Automation Fund	\$1,950,000
Community Benefit Fund	\$250,000
Measure B	\$7,009,415
<b>Total</b>	<b>\$199,702,574</b>

**CIP Total: \$423,137,767**





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# **Proposed FY 2019-24 Capital Improvement Program**

## **New Projects**

- **24 New CIP Projects Proposed**
- **Summary - 6 & 7**

# Community Improvements

New Proposed Projects	Estimated Cost	Year	Funding Sources
ALPRs and Security Cameras	\$815,000	FY 19-21	General Gov CIP
Climate Action Plan Update	\$200,000	FY 19-20	General Gov CIP
Land/ROW Value Determination	\$100,000	FY 19-24	TASP Impact Fee
TASP Community Facility Building	\$16,200,000	FY 22-24	TASP Impact Fee
Transit Area Police Substation	\$1,000,000	FY 19-21	TASP Impact Fee
<b>Total</b>	<b>\$18,315,000</b>		



# Parks

New Proposed Projects	Estimated Cost	Years	Funding Sources
TASP Linear Trails	\$3,270,000	FY 19-20	TASP Impact Fee
Trade Zone/Montague Park - North	\$3,100,000	FY 19-20	TASP Impact Fee
Park Master Plan Update	\$600,000	FY 19-20	Midtown Park Fund & TASP Impact Fee
TASP Sub District Park	\$7,375,000	FY 22-24	TASP Impact Fee
Trade Zone/Montague Park - Central	\$9,650,000	FY 19-21	TASP Impact Fee
<b>Total</b>	<b>\$23,995,000</b>		

# Streets

New Proposed Projects	Estimated Cost	Years	Funding Sources
Citywide Traffic Calming Study	\$400,000	FY 20-21	Gas Tax Fund
Citywide Traffic Modeling	\$400,000	FY 20-21	Gas Tax Fund
Costa Street Plan Line Study	\$125,000	FY 20-21	TASP Impact Fee
Feasibility of Light Rail POC	\$200,000	FY 20-21	TASP Impact Fee
Montague Expwy Widening – West	\$5,585,000	FY 22-24	TASP Impact Fee
New S. Milpitas Ext Bridge	\$14,625,000	FY 19-21	TASP Impact Fee
S. Milpitas Imprv. Gibraltar/UPRR	\$850,000	FY 19-20	TASP Impact Fee
SR237 HOV Lane Improvements	\$200,000	FY 19-20	Gas Tax Fund
Street Paving Restriping	\$600,000	FY 20-24	Gas Tax/Unidentified
Street Resurfacing Project 2023-24	\$4,600,000	FY 23-24	Gas Tax/VLF/ Measure B
TASP On-Street Parking Program	\$330,000	FY 19-20	TASP Impact Fee
<i>Pines Pilot Parking Permit Prog,</i>	<i>\$230,000</i>	<i>FY 19-20</i>	<i>General Gov. CIP Fund</i>
<b>Total</b>	<b>\$28,145,000</b>		

# Water

New Proposed Project	Estimated Costs	Years	Funding Sources
TASP Recycled Water Distribution System	\$1,900,000	FY 19-24	TASP Impact Fee
<b>Total</b>	<b>\$1,900,000</b>		



# Sewer

New Proposed Project	Estimated Cost	Years	Funding Sources
Sewer Line Replacement at E. Curtis	\$1,200,000	FY 23-24	TASP Impact Fee
<b>Total</b>	<b>\$1,200,000</b>		

# Storm Drains

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**New Storm Drain projects are not proposed.**



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# **Proposed FY 2019-24 Capital Improvement Program**

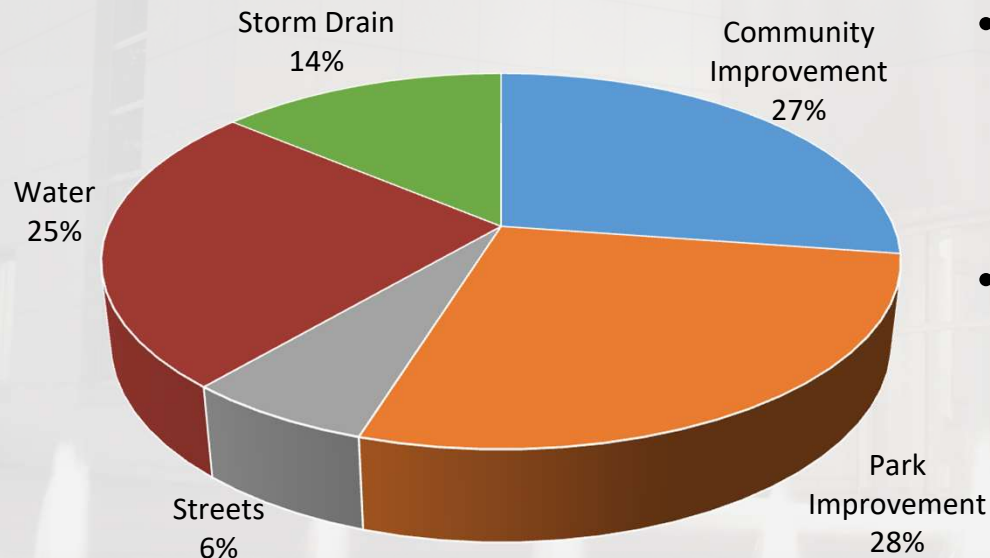
## **Unidentified Funding**

- **Summary – 9 through 15**
- **Projects without an identified funding source**



# FY 2019-24 Unidentified Funding

Project Category	2020-21	2021-22	2022-23	2023-24	Total
Community Improvement	\$16,275,000	\$ 4,775,000	\$ 7,410,000	\$17,715,000	\$46,175,000
Park Improvement	\$ 2,700,000	\$ 7,520,000	\$17,200,000	\$19,000,000	\$46,420,000
Streets	\$ 8,500,000	\$ 725,000	\$ 725,000	\$ 925,000	\$10,875,000
Water	\$ 6,178,193	\$22,662,000	\$13,205,000	-	\$42,045,193
Sewer	-	-	-	-	-
Storm Drain	\$ 5,000,000	\$12,400,000	\$ 6,020,000	-	\$23,420,000
<b>Total</b>	<b>\$38,653,193</b>	<b>\$48,082,000</b>	<b>\$44,560,000</b>	<b>\$37,640,000</b>	<b>\$168,935,193</b>



- **Total Unidentified Funding is approximately \$169 Million.**
- **\$42M is for Recycled Water projects cannot proceed until additional capacity issues are resolved.**

# Community Improvements (Funding Needs)

Project	FY2020-21	FY2021-22	FY2022-23	FY2023-24	Total
Fire Station Improvements (3403)	\$450,000	\$250,000	\$460,000	\$675,000	\$1,835,000
City Building Improvements (3406)	\$500,000	\$500,000	\$500,000	\$500,000	\$2,000,000
City Buildings Roofing Repairs (3422)	\$400,000	\$350,000	\$150,000	\$150,000	\$1,050,000
City Gateway Tree Planting (3431)	-	\$500,000	\$500,000	\$250,000	\$1,250,000
2017-19 Finance System Upgrade (3435)	\$425,000	\$425,000	-	-	\$850,000
Annual Tree Replacement Program (3438)	\$150,000	\$150,000	\$150,000	\$150,000	\$600,000
Public Safety/DPW Disaster Plan Update (3445)	\$150,000	-	-	-	\$150,000
<b>Fire Station #2 Replacement (3447)</b>	<b>\$13,100,000</b>	<b>\$150,000</b>	-	-	<b>\$13,250,000</b>
City Parking Lot Rehab. Program (3716)	\$150,000	\$450,000	\$50,000	-	\$650,000
Community Center Bldg. Study & Assessment (Plan)	\$150,000	-	-	-	\$150,000
Fire Department SCBA Replacement (Plan)	\$800,000	-	-	-	\$800,000
<b>Fire Station #3 Replacement (Plan)</b>	-	<b>\$2,000,000</b>	<b>\$5,600,000</b>	<b>\$13,900,000</b>	<b>\$21,500,000</b>
Sports Center Baseball Field Renovation (Plan)	-	-	-	\$2,090,000	\$2,090,000
<b>Total</b>	<b>\$16,275,000</b>	<b>\$4,775,000</b>	<b>\$7,410,000</b>	<b>\$17,715,000</b>	<b>\$46,175,000</b>

# Parks (Funding Needs)

	FY2020-21	FY2021-22	FY2022-23	FY2023-24	Total
Citywide Park Rehabilitation (3424)	-	\$150,000	\$50,000	\$50,000	\$250,000
Sandalwood Park Renovation (5110)	\$1,250,000				\$1,250,000
Minor Sports Courts Rehabilitation (5113)	-	\$225,000	\$225,000	\$250,000	\$700,000
Ben Rodgers Park Renovation (Plan)	-	\$350,000	\$4,050,000	-	\$4,400,000
Calaveras Ridge Park Renovation (Plan)	\$300,000	\$2,325,000	-	-	\$2,625,000
Dixon Landing Park Renovation (Plan)	-	-	\$450,000	\$4,100,000	\$4,550,000
Foothill Park Renovation (Plan)	-	\$400,000	\$3,050,000	-	\$3,450,000
Hidden Lake Park Renovation (Plan)	-	-	\$400,000	\$2,575,000	\$2,975,000
Higuera Adobe Caretaker Cottage Renovation (Plan)	-	\$170,000	-	-	\$170,000
Midtown Area Parks (Plan)	\$800,000	-	-	-	\$800,000
Murphy Park Renovation (Plan)	-	\$400,000	\$4,100,000	-	\$4,500,000
Peter D. Gill Park Renovation (Plan)	-	-	\$475,000	\$4,075,000	\$4,550,000
Robert E. Browne Park Renovation	-	-	\$500,000	\$4,100,000	\$4,600,000
Sinnott Park Renovation (Plan)	\$350,000	\$3,150,000	-	-	\$3,500,000
Starlite Park Renovation (Plan)	-	\$350,000	\$3,550,000	-	\$3,900,000
Strickroth Park Renovation (Plan)	-	-	\$350,000	\$3,850,000	\$4,200,000
<b>Total</b>	<b>\$2,700,000</b>	<b>\$7,520,000</b>	<b>\$17,200,000</b>	<b>\$19,000,000</b>	<b>\$46,420,000</b>



## Streets (Funding Needs)

	FY2020-21	FY2021-22	FY2022-23	FY2023-24	Total
Utility Undergrounding 2017 (3425)	\$1,300,000	-	-	-	\$1,300,000
Annual Sidewalk, Curb & Gutter Repair (3426)	-	-	\$350,000	\$350,000	\$700,000
Midtown Street Light Project (3430)	\$7,000,000	-	-	-	\$7,000,000
Annual Street Light, Signal, & Signage (3440)	-	\$275,000	\$275,000	\$275,000	\$825,000
Street Landscape Irrigation Repair (3449)	\$200,000	\$200,000	\$50,000	\$50,000	\$500,000
Soundwall & Barrier Repair & Renovation (4267)	-	\$50,000	\$50,000	\$50,000	\$150,000
Street Pavement Restriping (New)		\$200,000		\$200,000	\$400,000
<b>Total</b>	<b>\$8,500,000</b>	<b>\$725,000</b>	<b>\$725,000</b>	<b>\$925,000</b>	<b>\$10,875,000</b>

# Storm Sewer System (Funding Needs)

Project	FY2020-21	FY2021-22	FY2022-23	FY2023-24	Total
Storm Drain System Rehabilitation (3700)	-	-	\$45,000	-	\$45,000
Flap Gate Replacement (3714)	-	\$125,000	\$125,000	-	\$250,000
Minor Storm Projects (3717)	-	\$100,000	\$100,000	-	\$200,000
Channel and Lagoon Dredging (Plan)	-	-	\$1,500,000	-	\$1,500,000
Jurgens Pump Station (Plan)	-	\$10,000,000	-	-	\$10,000,000
Oak Creek Pump Station Upgrade (Plan)	-	\$2,175,000	-	-	\$2,175,000
Penitencia Pump Station Replacement (Plan)	\$5,000,000	-	-	-	\$5,000,000
Storm Drain SCDA (Plan)	-		\$4,250,000	-	\$4,250,000
<b>Total</b>	<b>\$5,000,000</b>	<b>\$12,400,000</b>	<b>\$6,020,000</b>	<b>-</b>	<b>\$23,420,000</b>

# Need for a Funding Strategy

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- Infrastructure Backlog Needs to be Addressed
- No Dedicated Revenue Stream for Storm Sewer Infrastructure and Facilities; Limited Funding for Parks, Trails, and Streets
- Total Annual General Fund Revenue is Approximately \$110 million for all City Services; cannot fund approximately \$128 million of infrastructure needs
- Various Revenue Options will need to be explored to address Infrastructure Backlog
- Staff proposes bringing forward a comprehensive funding strategy to Council in Fall 2019



# Fire Station No. 2 Replacement, No. 3447

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- Council identified as a high priority project in the Adopted 2018-2023 CIP Document
- Total Estimated Cost: \$21.1M
- Design Phase (Underway): \$1.5M
- Estimated Construction Award (Phased): Fall 2020
- Estimated Completion: Winter 2021

## Bond Financing for Fire Station 2

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Key reasons to use Bond Financing for a critical capital project with a long asset life:

- Intergenerational Equity – spread costs between current and future users of the asset
- Ability to invest in a critical asset without undue burden on current residents
- Able to preserve cash for smaller projects like minor facility improvements



# Fire Station Bond Financing Structure

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- Staff and City's Financial Advisor are recommending Lease Revenue Bonds
  - Cost effective;
  - Bond Markets are familiar with them;
  - Very common for California Municipalities;
- ➔ • Milpitas' strong financial position and likely excellent credit rating would result in favorable interest rates



# Financing Costs and Timeline

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- Estimated annual debt service will be \$1.2M, based on \$21M financed for a 30 year term; debt service will be paid from the General Fund
- Estimated time to get financing in place is 3-4 months
- Staff recommends the City Council direct staff to put together a bond sale with the financial advisor and bring back the necessary bond and legal documents for the Council to approve in August 2019; funding would be in place in September 2019

# Policy Alternatives

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- Voter Approved Funding (Bonds, Parcel Tax):
  - Earliest opportunity in 2020, will also delay the Fire Station 2 Replacement Project
  - Uncertainty about voter approval
- Cash Funding Fire Station 2 Replacement Project will:
  - Either delay Fire Station 2 replacement by several years or;
  - Require the deferral of other CIP projects

# Timeline for Proposed 5 –Year CIP

Date	Action
<b>March 12</b>	<b>First Council Study Session</b>
April 2	Proposed draft 5 Year CIP release
April 24	Planning Commission review (for General Plan Conformance)
May 6	Parks, Recreation and Cultural Resources Commission review
<b>May 14</b>	<b>Second Council Study Session – Operating Budget</b>
<b>June 4</b>	<b>Council consideration and adoption of Proposed 5 Year CIP</b>



# Recommendation

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1. **Receive presentation on Proposed FY 2019-2024 Capital Improvement Program;**
2. **Review Fire Station No. 2 Replacement, Project No. 3447, and Provided Direction to Staff Regarding Bond Financing;**
3. **Review Funding Required for Projects with Unidentified Funding and Provide Staff with Direction to Bring Forward Funding Strategy Options in Fall 2019 Including Potential Ballot Measures;**